

MEDIA INFO-KIT

Singapore-Costa Rica Free Trade Agreement (SCRFTA)

Background

The Singapore-Costa Rica Free Trade Agreement (“SCRFTA”) was signed in Singapore on 6 April 2010 by Singapore’s Senior Minister of State for Trade and Industry, Mr S Iswaran, and Costa Rica’s Minister of Foreign Trade, Mr Marco Ruiz. Costa Rica and Singapore announced the launch of negotiations for a bilateral FTA on 2 December 2008. The announcement was made during an official visit to Singapore by the President of Costa Rica, Dr Oscar Arias Sanchez. Formal FTA negotiations commenced in April the following year and was concluded after four rounds of negotiations.

2. The SCRFTA is the third bilateral FTA between Singapore and a South American country. There has been a steady step-up of engagement between both countries in recent times and the SCRFTA will serve to bolster bilateral relations and accelerate progress towards global trade liberalisation.

3. The Parties are targeting for the Agreement to enter into force by the first half of 2011.

Key Elements of the Singapore-Costa Rica FTA

4. The SCRFTA is a broad-based and comprehensive agreement, covering issues such as trade in goods, rules of origin, customs procedures, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), trade remedies, government procurement, competition policy, trade in services, investment, electronic commerce (e-commerce), intellectual property rights (IPR), bilateral cooperation, transparency, institutional provisions and dispute settlement.

Key Outcomes of the Singapore-Costa Rica FTA

MARKET ACCESS

For the market access package, Singapore and Costa Rica have agreed to tariff elimination for all products. Specifically, Costa Rica has agreed to eliminate customs duties for 90.6% of its tariff lines upon entry into force of the agreement, while tariffs on the remaining products would be eliminated over a period of 10 years, with possibility of accelerated tariff elimination. Based on 2009 trade figures, this means that more than 95% of Singapore's domestic exports to Costa Rica are scheduled for immediate tariff elimination upon entry into force of the agreement. Key exports that will benefit are electrical and electronics products, machineries, petrochemicals, steel-related products and processed food. Singapore would grant immediate duty free access for all imports from Costa Rica upon entry into force of the agreement.

RULES OF ORIGIN (ROO)

The Rules of Origin (ROO) chapter determines the "nationality of the product". The chapter sets out the rules to determine the origin of products and their eligibility for preferential tariff treatment. Under the SCRFTA, a product can qualify for preferential treatment if at least 35% of the value-add has taken place in the originating country, or the product has undergone change in tariff classification at the 6 digit level. This is the first time that Singapore has managed to secure such liberal rules of origin in our FTAs. The agreement also recognizes most industrial products produced from recovered goods in the territory of a Party as originating. These goods must have the same life expectancy and meet the same performance standards as new goods.

CUSTOMS PROCEDURES

The thrust of this chapter is to structure customs procedures in a way that will promote and facilitate the entry of goods exported from Singapore to Costa Rica and vice versa. Hence the texts contain the required trade facilitative measures and good practices to ensure the efficient clearance of goods at the entry and exit points of both countries. Amongst the trade facilitative measures incorporated in the customs text is the availability of advance rulings whereby the traders in either Party can request the respective Customs Administration to provide an advance ruling on the eligibility of originating goods for preferential tariffs and tariff classification. It gives the traders greater certainty on the status of their goods at the country of import. Another example of trade facilitative measure incorporated is the agreed waiver of requirement for a Certification of

Origin in respect of originating goods that are of low value. This enables traders to save on time and cost for the import of originating goods that are of low-value.

Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS)

The TBT and SPS chapters serve to facilitate trade by enhancing cooperation and improving transparency. They also provide a framework to address potential barriers to trade posed by standards and technical regulations.

TRADE REMEDIES

(Anti-dumping and Safeguards)

Singapore and Costa Rica reaffirm our commitments under the WTO Agreement on Safeguards, Agreement on Subsidies and Countervailing Measures. Both parties also agreed to strengthen the disciplines in the anti-dumping provisions beyond WTO commitments to ensure that the measures are not taken in an arbitrary and protectionist manner.

GOVERNMENT PROCUREMENT

This chapter provides comprehensive coverage on the procurement of goods and services to enhance market access between Costa Rica and Singapore. Apart from making the traditional lists of public procurements available to Singapore, Costa Rica has also open up to Singapore its master planning and consultancy services for ports and airports as well as its concessionaire operation of ports or airports in Costa Rica.

COMPETITION

The Competition Policy Chapter outlines general principles of competition that both Parties will adopt in their respective national competition laws. In order to maximise the benefits from trade and investment liberalisation afforded by the FTA, both Parties undertook to promote fair competition and prohibit anticompetitive business practices, and work towards greater cooperation and coordination in the application of competition policy and law.

SERVICES

The Services Chapter is a comprehensive chapter which binds both Parties to their current levels of liberalisation, as well as any future liberalisation in most services sectors. In addition to non-discriminatory and regulatory disciplines, the Services chapter covers key areas of interest for Singaporean companies, including construction services, private education services, and hotel and restaurant services.

INVESTMENT

Beyond providing better market access, the Investment Chapter would accord protection as well as guarantee non-discriminatory treatment for Singapore investors and investments in Costa Rica. Singapore investors in Costa Rica would be compensated in the event of indiscriminate expropriation of their investments. Singapore investors would also have access to international arbitration for disputes between the investor and Costa Rican government.

E-COMMERCE

Both sides committed to the non-discriminatory treatment of digital products transmitted electronically and the permanent duty-free status of products delivered electronically.

IPR

Singapore and Costa Rica have agreed to engage in dialogue and possible cooperation in IP-related matters, for example, in IP management, licensing, registration, technology and market intelligence. Both sides reaffirmed their commitments established in existing international agreements in the field of intellectual property rights to which both are Parties, in particular the TRIPS Agreement. The parties also reaffirmed their obligations on Geographical Indications (GIs) in the TRIPS Agreement, and agreed that GIs will be protected in the respective jurisdictions to the extent permitted by and according to the terms and conditions set out in their respective domestic laws.

BILATERAL COOPERATION

Both sides agreed to explore opportunities for bilateral cooperation and implement programs that would be mutually beneficial. Possible areas of cooperation include trade and investment promotion, science and technology, sports and culture, food, labour, environment, healthcare, infrastructure, dispute settlement and information communication technology.

DISPUTE SETTLEMENT

In any international agreement, while we do not expect nor hope for disputes between the Parties as to what the agreement means, it would nevertheless be prudent to prepare for such an eventuality. In view of this, Singapore and Costa Rica have negotiated a comprehensive set of dispute settlement procedures to ensure that in the event of a dispute, a predictable and effective framework is in place to resolve the issue as quickly as possible. Like in the WTO, disputes are subject to consultations,

mediation, conciliation and arbitration, thereby enhancing the rule of law in international trade.

REVIEW OF THE AGREEMENT

The Parties' respective Ministers in charge of trade, or their designated officials, will meet every two years after the FTA enters into force for a review unless both sides decide otherwise.

**Ministry of Trade and Industry
Singapore
6 April 2010**